
INDIANA COMMISSION ON PROPRIETARY EDUCATION*Board of Commissioners Meeting Memorandum*

Date: September 12, 2007

From: Jeff Weber, Commissioner

Subject: Accreditation of Out-of-State and Regionally Accredited Schools

Staff Recommendation

For information only.

Background Information

The Indiana Commission on Proprietary Education regulates nearly 200 schools (campuses, branch campuses, or instructional sites) offering education to the people of Indiana. This includes approximately 50 out-of state institutions requiring regulation because they meet the “physical presence” guidelines adhered to by the staff. This is based on the definition set forth in Indiana law defining a postsecondary proprietary education institution: "Postsecondary proprietary educational institution" means a person doing business in Indiana by offering to the public for a tuition, fee, or charge, instructional or educational services or training in a technical, professional, mechanical, business, or industrial occupation, either in the recipient's home, at a designated location, or by mail." IC 21-17-1-13.

Historically, staff has interpreted this definition to mean that “doing business in Indiana” applies not only to on-the-ground activity, such as recruitment and instruction, but also to localized recruitment and marketing efforts, as well as the location of computing facilities in the case of distance education instruction. Institutions not located in Indiana and conducting business in a national or unspecified market, including national media such as cable television stations and print publications, or internet marketing, have been excluded from regulation as Indiana schools.

Increasingly, schools are taking aggressive positions for the recruitment of students and would like to advertise in local media beyond their own state boundaries, but not establishing any additional practices that may be defined as having set up a physical presence within another state. With this in mind, the staff would like to initiate discussion that would consider an extension of the reciprocity section of the regulations. In particular, one group of schools that is exempt from regulation in Indiana includes, “privately endowed two (2) or four (4) year degree granting institutions, regionally accredited, whose principal campus is located in Indiana.” As a starting point for conversation, staff would propose consideration of exempting non-Indiana institutions which meet the remaining criteria and wish only to recruit Indiana residents while establishing no other “physical presence” activity.

Supportive Documentation

1. Indiana Code (IC 21-17-3-13) pertaining to accreditation standards.
2. Indiana Code (IC 21-17-3-14) pertaining to the issuance of accreditation.
3. Indiana Administrative Code (Title 570): **Rule 2. Institutions Not Subject to the Provisions; Reciprocity; National Accreditation**

Accreditation Standards

IC 21-17-3-13: Accreditation standards

Sec. 13. Full accreditation may not be issued unless and until the commission finds that the postsecondary proprietary educational institution meets minimum standards that are appropriate to that type or class of postsecondary proprietary educational institution, including the following minimum standards:

- (1) The postsecondary proprietary educational institution has a sound financial structure with sufficient resources for continued support.
- (2) The postsecondary proprietary educational institution has satisfactory training or educational facilities with sufficient tools, supplies, or equipment and the necessary number of work stations or classrooms to adequately train, instruct, or educate the number of students enrolled or proposed to be enrolled.
- (3) The postsecondary proprietary educational institution has an adequate number of qualified instructors or teachers, sufficiently trained by experience or education, to give the instruction, education, or training contemplated.
- (4) The advertising and representations made on behalf of the postsecondary proprietary educational institution to prospective students are truthful and free from misrepresentation or fraud.
- (5) The charge made for the training, instruction, or education is clearly stated and based upon the services rendered.
- (6) The premises and conditions under which the students work and study are sanitary, healthful, and safe according to modern standards.
- (7) The postsecondary proprietary educational institution has and follows a refund policy approved by the commission.
- (8) The owner or chief administrator of the postsecondary proprietary educational institution has not been convicted of a felony.
- (9) The owner or chief administrator of the postsecondary proprietary educational institution has not been the owner or chief administrator of a postsecondary proprietary institution that has had its accreditation revoked or has been closed involuntarily in the five (5) year period preceding the application for accreditation. However, if the owner or chief administrator of the postsecondary proprietary educational institution has been the owner or chief administrator of a postsecondary proprietary educational institution that has had its accreditation revoked or has been closed involuntarily more than five (5) years before the application for accreditation, the commission may issue full accreditation at the commission's discretion.

Issuance of Accreditation

IC 21-17-3-14: Issuance of accreditation

Sec. 14.

- (a) After investigation and a finding that the information in the application is true and the postsecondary proprietary educational institution meets the minimum standards, the commission shall issue an accreditation to the postsecondary proprietary educational institution upon payment of an additional fee of at least twenty-five dollars (\$25).
- (b) The commission may waive inspection of a postsecondary proprietary educational institution that has been accredited by an accrediting unit whose standards are approved by the commission as meeting or exceeding the requirements of this chapter.
- (c) A valid license, approval to operate, or other form of accreditation issued to a postsecondary proprietary educational institution by another state may be accepted, instead of inspection, if:
 - (1) the requirements of that state meet or exceed the requirements of this chapter; and
 - (2) the other state will, in turn, extend reciprocity to postsecondary proprietary educational institutions accredited by the commission.
- (d) An accreditation issued under this section expires one (1) year following the accreditation's issuance.
- (e) An accredited postsecondary proprietary educational institution may renew the institution's accreditation annually upon:
 - (1) the payment of a fee of at least twenty-five dollars (\$25); and
 - (2) continued compliance with this chapter.

Reciprocity and National Accreditation

Rule 2. Institutions Not Subject to the Provisions; Reciprocity; National Accreditation

570 IAC 1-2-1 Exempt institutions

Sec. 1. INSTITUTIONS NOT SUBJECT TO THE PROVISION. An institution may be considered not subject to the provisions if it offers instruction which is clearly self-improvement, motivational or avocational in intent and is clearly not of value in seeking or obtaining gainful employment.

570 IAC 1-2-2 Reciprocal accreditation

Sec. 2. RECIPROCITY. The Commission may extend accreditation to an institution located in another state, in lieu of an onsite evaluation, if the requirements of that state are substantially the same or greater than the standards contained in P.L.313 (Acts of 1971) as amended, and that that state, in turn, will extend reciprocity to institutions accredited by the Commission.

570 IAC 1-2-3 Nationally accredited agencies

Sec. 3. NATIONALLY RECOGNIZED ACCREDITING AGENCIES. The Commission shall determine whether to accept as sufficient the accreditation issued by a nationally re-organized accrediting body. If the review indicates that the standards are substantially the same or greater than the standards and requirements of the Commission, then accredited status may be issued in lieu of an on-site evaluation, providing the status report provided by the accrediting commission indicates the institution to be in good standing.

570 IAC 1-2-4 Documentation by reciprocal or prior accreditation applicants

Sec. 4. OTHER REQUIREMENTS IN LIEU OF EVALUATION. The applicant institution which seeks the right to do business in Indiana, either through reciprocity or by prior accreditation issued by a nationally recognized accrediting body, must submit the following:

- (A) Application fee.
- (B) Bonds for both the institution (Bond S) and agents (Bond A or PSA-LBB).
- (C) ICPPE Form PSA-1; Application/Self Study in four copies.
- (D) Financial Statement (See Rule 12.00 [570 IAC 1-12].)
- (E) A copy of the incorporation papers as filed with the state of domicile.

570 IAC 1-2-5 Reevaluation of reciprocal or prior accreditation status

Sec. 5. RE-EVALUATION OF INSTITUTIONS UNDER PART II [570 IAC 1-2]. The fifth (5th) year after the institution has received its accredited status, either by reciprocity or prior accreditation status, the school may be required to undergo a full onsite evaluation as per Section 4 [570 IAC 1-2-4] of these Rules and Regulations.

